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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA :

- v. - : INFORMATION

MICHAEL LAIR, : S1 06 Cr. 1068 (RCC)

Defendant.

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COUNTS ONE THROUGH FOUR

(Wire Fraud)

The United States Attorney charges:

1. At all times relevant to this Information, MICHAEL LAIR, the defendant, held himself out as an executive of consumerdefense.com, Inc., also known as "CDI," an organization that purported to do research and investigations pertaining to consumer complaints.

2. From in or about February 2003 up to in or about October 2006, MICHAEL LAIR, the defendant, was engaged in a scheme to defraud various attorneys in high-profile litigation by promising to provide them with evidence to support their existing or contemplated litigations, in exchange for large, up-front payments. Throughout this scheme, LAIR never provided the promised evidence and continued to demand additional funds from the various victims.

3. In certain instances, during the time period relevant to this Information, after attorneys involved in the high-profile litigation refused to advance further funds to LAIR

(because LAIR had not followed through on his promises to deliver the information that he claimed to possess), LAIR approached opposing counsel in the litigation and informed opposing counsel that their adversaries had hired LAIR and directed LAIR to engage in either illegal or unethical investigative techniques. In these circumstances, LAIR claimed to have documentary proof of opposing counsel's illegal or unethical directives. In at least one instance, LAIR asked to be paid for this purported information and LAIR sent a forged email to an attorney in New York purporting to be evidence of opposing counsel's illegal activities.

4. In reality, LAIR had done little, if any, actual research or investigation prior to contacting attorneys as part of his scheme. LAIR reviewed media reports of high-profile cases and then sought to defraud the litigants in these cases and their attorneys with false promises that LAIR had evidence to assist their litigation. Despite his failure to deliver any actual evidence or information, LAIR often continued to demand payment of thousands of dollars.

5. As part of LAIR's scheme, in or about March 2006, LAIR approached an attorney practicing law in New York, New York, who represented a large pharmaceutical company then involved in a high-profile litigation with a large hedge fund. LAIR offered the attorney representing the pharmaceutical company evidence that would assist the attorney in his representation of the

pharmaceutical company. After the attorney for the pharmaceutical company wire transferred LAIR an initial payment, LAIR did not produce the evidence and demanded additional funds. In or about September 2006, after the pharmaceutical company's attorney fired LAIR, LAIR approached a lawyer representing the large hedge fund on the other side of the same litigation. LAIR told an attorney for the hedge fund that the pharmaceutical company's lawyer had hired LAIR to use illegal and unethical investigative techniques in order to obtain information about the large hedge fund, including hacking into computers used by employees of the large hedge fund, illegally obtaining financial records, and using false pretexts to obtain telephone records of specific employees, commonly known as "pretexting."

6. From in or about Spring 2005 up to in or about May 2006, LAIR similarly defrauded a former CEO for a large insurance company, based in New York, New York, and the CEO's attorneys. LAIR told one of the former CEO's attorneys that he had evidence to assist in a civil litigation involving the former CEO, for which the CEO's attorneys paid LAIR approximately $75,000. LAIR did not produce the evidence that he claimed to have, and LAIR continued to demand additional funds. After LAIR was fired by the CEO's attorneys, LAIR contacted an attorney for the large insurance company on the opposite side of the litigation. LAIR told the attorney for the insurance company that the CEO's lawyers had hired LAIR to use illegal and unethical investigative

techniques in order to obtain information concerning ongoing litigation.

7. Between in or about February 2003 and 2006, LAIR similarly defrauded other attorneys representing high-profile individual and corporate clients by falsely promising that he had evidence of wrongdoing to provide to the clients. In each case, LAIR requested and received payment of funds, but never delivered on his promises. In fact, LAIR did not possess any such evidence he claimed to possess. These additional victims and the amounts of money that they paid to LAIR include:

a. attorneys in New York representing a large internet based telecommunications company involved in a trade secrets litigation, which paid $10,000;

b. an attorney working for an internet services company involved in a high-profile litigation with hedge funds, which paid $50,000;

c. an attorney representing a client, which paid $10,000;

d. an attorney contemplating litigation against a large software development company, which paid $25,000;

e. an attorney representing an investor in connection with a New York litigation against a computer software company and its outside auditors, which paid $35,000;

f. the general counsel of a large insurance company based in New York, which paid $22,039;

g. attorneys representing a lithography company, which paid $13,213;

h. an attorney representing individuals who had sued a large credit card company, and who paid at least $20,000;

i. an attorney representing a telecommunications company involved in a high-profile contract dispute, which paid $30,000;

j. an attorney representing a software company in the process of acquiring another software company, which paid $15,000.

Wire Fraud Violations

8. From at least in or about February 2003, up to and including in or about October 2006, including on the dates specified below, in the Southern District of New York and elsewhere, MICHAEL LAIR, the defendant, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, to wit, transmitted and caused to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures and sounds for the purpose of executing such scheme and artifice, to wit, LAIR either made the following

communications for the purpose of executing his scheme or received funds as a result of the following wire transfers as part of his scheme:

COUNT	DATE	DESCRIPTION
One	02/10/06	Wire transfer directed by the lawyer for the former CEO, from New York, New York to a bank account controlled by LAIR in Bozeman, Montana.
Two	07/18/06	Wire transfer directed by the lawyer for the pharmaceutical company, from New York, New York to a bank account controlled by LAIR in Bozeman, Montana.
Three	09/20/06	Email from outside New York to an email account maintained in New York, New York, directed to a purported representative of the large hedge fund.
Four	09/26/06	Telephone call between a cellular telephone located outside New York and the lawyer for the large insurance company, located in New York, New York.

(Title 18, United States Code, Section 1343.)

FORFEITURE ALLEGATION

9. As a result of committing the foregoing offense alleged in Counts ONE through FOUR of this Information, defendant MICHAEL LAIR shall forfeit to the United States pursuant to Title 18 U.S.C. § 981(a)(1)(C) and Title 28 U.S.C. § 2461(c), any property constituting or derived from proceeds obtained directly or indirectly as a result of the wire fraud offense, including but not limited to the following:

a. A sum of money equal to $311,000 in United

States currency representing the amount of proceeds obtained as a result of the offense of wire fraud.

b. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

(1) cannot be located upon the exercise of due diligence;

(2) has been transferred or sold to, or deposited with, a third person;

(3) has been placed beyond the jurisdiction of the Court;

(4) has been substantially diminished in value; or

(5) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Section 981(a)(1)(C), Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 1343.)

MICHAEL J. GARCIA
United States Attorney

Filed Superseding Information and Waiver of Indictment

2-20-07 (WR): Deft. present with atty. Leonard Joy. AUSA Helen Cantwell present. Deft. pleads guilty to all Counts of #S1 06 CR 1068. Court ~~[illegible]~~ accepts plea. PSI ordered. Dentention Cont'd. Sentencing date: 3-21-07 at 10:15 (~~[illegible]~~ (J. Casey will handle sentencing)

Keenan, J. for J. Casey